Calendar No. 237

108TH CONGRESS 1ST SESSION

S. 1404

[Report No. 108-114]

To amend the Ted Stevens Olympic and Amateur Sports Act.

IN THE SENATE OF THE UNITED STATES

July 15, 2003

Mr. McCain (for himself and Mr. Stevens) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

July 28 (legislative day, July 21), 2003
Reported by Mr. McCain, with amendments
[Omit the part struck through and insert the part printed in italic]

A BILL

To amend the Ted Stevens Olympic and Amateur Sports Act.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "United States Olympic
- 5 Committee Reform Act".

SEC 2 FINDINGS

1	SEC. 2. FINDINGS.
2	The Congress finds the following:
3	(1) There is a widespread loss of confidence in
4	the United States Olympic Committee.
5	(2) Restoring confidence in the United States
6	Olympic Committee is critical to achieving the origi-
7	nal intent of the Ted Stevens Amateur and Olympic
8	Sports Act.
9	(3) Confusion exists concerning the primary
10	purposes and priorities of the United States Olympic
11	Committee.
12	(4) The current governance structure of the
13	United States Olympic Committee is dysfunctional.
14	(5) The ongoing national corporate governance
15	debate and recent reforms have important implica-
16	tions for the United States Olympic Committee.
17	(6) There exists no clear line of authority be-
18	tween the United States Olympic Committee volun-
19	teers and the United States Olympic Committee paid
20	staff.
21	(7) There is a widespread perception that the
22	United States Olympic Committee lacks financial

transparency.

23

1	SEC. 3. AMENDMENT OF TED STEVENS OLYMPIC AND AMA
2	TEUR SPORTS ACT.
3	Except as otherwise expressly provided, whenever in
4	this Act an amendment or repeal is expressed in terms
5	of an amendment to, or repeal of, a section or other provi-
6	sion, the reference shall be considered to be made to a
7	section or other provision of the Ted Stevens Olympic and
8	Amateur Sports Act (36 U.S.C. 220501 et seq.).
9	SEC. 4. GOVERNANCE OF THE UNITED STATES OLYMPIC
10	COMMITTEE.
11	(a) In General.—The Act (36 U.S.C. 220501) is
12	amended by adding at the end the following:
13	"SUBCHAPTER III. GOVERNANCE
14	"§ 220541. Board of directors
15	"(a) In General.—The board of directors is the
16	governing body of the corporation and shall establish the
17	policies and priorities of the corporation. The board of di-
18	rectors shall have the full authority to manage the affairs
19	of the corporation.
20	"(b) STRUCTURE OF THE BOARD.—
21	"(1) IN GENERAL.—The board of directors
22	shall consist of 9 elected members and the ex officion
23	members described in paragraph (3).
24	"(2) Elected members.—The elected direc-
25	tors, elected as provided in subsection (g), are—

1	"(A) 5 independent directors, as defined in
2	the constitution and bylaws of the corporation;
3	"(B) 2 directors elected from among those
4	nominated by the Athletes' Advisory Council,
5	who at the time of nomination meet the speci-
6	fications of section 220504(b)(2)(B) of this
7	title; and
8	"(C) 2 directors elected from among those
9	nominated by the National Governing Bodies'
10	Council.
11	"(3) Ex officio members.—The ex officio
12	members are—
13	"(A) the speaker of the assembly; and
14	"(B) the International Olympic Committee
15	member or members from the United States
16	who are required to be ex officio members of
17	the executive organ of the corporation under
18	the terms of the Olympic Charter.
19	"(c) Terms of Office.—
20	"(1) Elected directors.—The term of office
21	of an elected director shall be 4 years. An individual
22	elected to replace a director who does not serve a
23	full 4-year term shall be elected initially to serve
24	only the balance of the expired term of the member
25	that director replaces. No director shall be eligible

1	for reelection, except a director whose total period of
2	service, if elected, would not exceed 6 years. The
3	chair of the board shall be eligible to serve an addi-
4	tional 2 years as required to complete his or her
5	term as chair.
6	"(2) Staggered Terms.—Notwithstanding
7	paragraph (1), of the directors first elected to the
8	board after the date of enactment of the United
9	States Olympic Committee Reform Act—
10	"(A) 2 of the directors elected under para-
11	graph (2)(A) shall be elected for terms of 2
12	years;
13	"(B) 3 of the directors elected under para-
14	graph (2)(A) shall be elected for terms of 4
15	years;
16	"(C) 1 of the directors elected under para-
17	graph (2)(B) shall be elected for a term of 2
18	years;
19	"(D) 1 of the directors elected under para-
20	graph (2)(B) shall be elected for a term of 4
21	years;
22	"(E) 1 of the directors elected under para-
23	graph (2)(C) shall be elected for a term of a
24	term of 2 years; and

1 "(F) 1 of the directors elected under para-2 graph (2)(C) shall be elected for a term of a 3 term of 4 years.

"(3) Ex officio members.—The speaker of the assembly shall serve as a non-voting ex officio member of the board while holding the position of speaker of the assembly. An International Olympic Committee member shall serve as an ex officio member of the board for so long as the member is a member of that Committee.

"(d) Voting.—

- "(1) ELECTED MEMBERS.—Each elected director shall have 1 vote on all matters on which the board votes, consistent with the constitution and bylaws of the corporation.
- "(2) Ex officio members.—Each voting ex officio member shall have 1 vote on matters on which the ex officio members vote, consistent with the constitution and bylaws of the corporation, and the votes of the ex officio members shall be weighted such that, in the aggregate, the votes of all voting ex officio members are equal to the vote of one elected director.

1	"(3) Tie votes.—In the event of a tie vote of
2	the board, the vote of the chair of the board shall
3	serve to break the tie.
4	"(4) QUORUM.—The board may not take action
5	in the absence of a quorum, which shall be 7 mem-
6	bers, of whom at least 3 shall be members described
7	in subsection $(b)(2)(A)$.
8	"(e) Chair of the Board.—The board shall elect
9	1 of the members described in subsection (b)(2) to serve
10	as chair of the board first elected after the date of enact-
11	ment of the United States Olympic Committee Reform
12	Act. The chair of the board shall preside at all meetings
13	of the board and have such other duties as may be pro-
14	vided in the constitution and bylaws of the corporation.
15	No individual may hold the position of chair of the board
16	for more than 4 years.
17	"(f) Committees.—
18	"(1) In general.—The board of directors
19	shall establish the following 4 standing committees:
20	"(A) The Audit Committee.
21	"(B) The Compensation Committee.
22	"(C) The Ethics Committee.
23	"(D) The Nominating and Governance
24	Committee.

1	"(2) Committee membership.—The Com-
2	pensation Committee shall consist of 3 board mem-
3	bers selected by the board. The Audit Committee,
4	Ethics Committee, and Nominating and Governance
5	Committee shall each consist of—
6	"(A) 3 board members described in sub-
7	section (b)(2)(A), selected by the board;
8	"(B) 1 board member described in sub-
9	section (b)(2)(B), selected by the board; and
10	"(C) 1 board member described in sub-
11	section (b)(2)(C), selected by the board.
12	"(3) Additional committees.—The board
13	may establish such additional committees, sub-
14	committees, and task forces as may be necessary or
15	appropriate and for which sufficient funds exist.
16	"(g) Nomination and Election.—
17	"(1) In general.—The nominating and gov-
18	ernance committee shall recommend candidates to
19	the board of directors to fill vacancies on the board
20	as provided in the constitution and bylaws of the
21	corporation. For each vacancy that is to be filled by
22	a nominee of the Athletes' Advisory Council or the
23	National Governing Bodies' Council, the Athletes'
24	Advisory Council or the National Governing Bodies'
25	Council shall recommend 3 individuals to the nomi-

- nating and governance committee, which shall nominate 1 of the recommended individuals to the board of directors.
- "(2) Recusal of members eligible for re-Election.—Any member of the nominating and governance committee who is eligible for re-election by virtue of serving for an initial term of less than 2 years shall be recused from participation in the nominating and recommendation process.
- "(3) BOARD TO ELECT MEMBERS.—Except as provided in section 4(c)(2) of the United States Olympic Committee Reform Act, the board of directors shall elect directors from the candidates proposed by the nominating and governance committee.

15 **"§ 220542. Assembly**

- 16 "(a) IN GENERAL.—
- "(1) FORUM FUNCTION.—The assembly shall
 be a forum for all stakeholders of the corporation.

 The assembly shall have an advisory function only,
 except as otherwise expressly provided in this chapter.
- 22 "(2) VOTING ON MATTERS RELATING TO THE
 23 OLYMPIC GAMES.—The assembly shall have the right
 24 to vote on, and shall have ultimate authority to de25 cide, matters relating to the Olympic Games. The

1	board of directors shall determine whether a matter
2	is a question relating to the Olympic Games on
3	which the assembly is entitled to vote. The deter-
4	mination of the board shall be final and binding.
5	"(3) Meetings.—The assembly shall convene
6	annually in a meeting open to the public. The board
7	of directors may convene special meetings of the as-
8	sembly.
9	"(4) Annual Budget.—The board of directors
10	shall establish an annual budget for the assembly, as
11	provided in the constitution and bylaws of the cor-
12	poration. In establishing the budget, the board of di-
13	rectors shall take into account the interest of the
14	corporation in minimizing the costs associated with
15	the assembly.
16	"(b) STRUCTURE OF THE ASSEMBLY.—
17	"(1) In general.—The assembly shall consist
18	of—
19	"(A) representatives of the constituencies
20	of the corporation specified in section 220504
21	of this title (other than former United States
22	Olympic Committee members);
23	"(B) the International Olympic Commit-
24	tee's members for the United States: and

"(C) not more than 3 individuals who have 1 2 represented the United States in an Olympic 3 Games not within the preceding 10 years, se-4 lected through a process to be determined by 5 the board of directors in accordance with the 6 constitution and bylaws of the corporation. 7 "(2) AMATEUR ATHLETE REPRESENTATION.— 8 Amateur athletes shall constitute not less than 20 9 percent of the membership in the assembly. 10 "(c) Voting.— 11 "(1) Representatives of THE NATIONAL 12 GOVERNING BODIES.—Representatives of the na-13 tional governing bodies shall constitute not less than 14 51 percent of the voting power held in the assembly. "(2) AMATEUR ATHLETES.—Amateur athletes 15 16 shall constitute not less than 20 percent of the vot-17 ing power held in the assembly. 18 "(d) Speaker of the Assembly.—The speaker of the assembly shall be a member of the assembly (who, as 19 20 a member, is entitled to vote) who is elected by the mem-21 bers of the assembly for a 4-year term. An individual may 22 not serve as speaker for more than 4 years. The speaker

shall preside at all meetings of the assembly and serve as

a non-voting ex officio member of the board of directors

as provided in section 220541. The speaker shall have no

23

- 1 other duties or powers (other than the right to vote), ex-
- 2 cept as may be expressly assigned by the board of direc-
- 3 tors.

4 "§ 220543. Chief executive officer

- 5 "(a) In General.—The corporation shall have a
- 6 chief executive officer who shall not be a member of the
- 7 board of directors. The chief executive officer shall be se-
- 8 lected by, and shall report to, the board of directors, as
- 9 provided in the constitution and bylaws of the corporation.
- 10 The chief executive officer shall be responsible, with board
- 11 approval, for filling other key senior management posi-
- 12 tions as provided in the constitution and bylaws of the cor-
- 13 poration.
- 14 "(b) Duties.—The chief executive officer shall, ei-
- 15 ther directly or by delegation—
- 16 "(1) manage all staff functions and the day-to-
- day affairs and business operations of the corpora-
- tion, including but not limited to relations with
- international organizations; and
- 20 "(2) implement the mission and policies of the
- 21 corporation, as determined by the Board.

22 "§ 220544. Whistleblower procedures and protections

- 23 "The corporation, through the board of directors,
- 24 shall establish procedures for—

1	"(1) the receipt, retention, and treatment of
2	complaints received by the corporation regarding ac-
3	counting, auditing or ethical matters; and
4	"(2) the protection against retaliation by any
5	officer, employee, director or member of the corpora-
6	tion against any person who submits such com-
7	plaints.
8	"§ 220545. Ethics and compliance
9	"(a) In General.—The ethics committee shall be re-
10	sponsible for oversight of—
11	"(1) all matters relating to ethics policy and
12	practices of the corporation's employees, board mem-
13	bers, and volunteers;
14	"(2) officers or directors of a member organiza-
15	tion insofar as their activities relate to corporation
16	business; and
17	"(3) paid and volunteer leadership staff of a bid
18	city organization for activities that relate directly to
19	the bid city process.
20	"(b) Internal Ethics Officer.—
21	"(1) In general.—The board of directors shall
22	employ and fix the compensation of a chief ethics offi-
23	cer to implement the ethics policy for the corporation.

1	"(2) Duties.—The ethics committee shall estab-
2	lish policies and procedures to delineate the duties of
3	the chief ethics officer.
4	"(3) Line of Authority.—
5	"(A) In general.—The chief ethics officer
6	shall report to the chief executive officer of the
7	corporation.
8	"(B) CERTAIN PARTIES.—Notwithstanding
9	subparagraph (A), the chief ethics officer shall
10	report to the ethics committee whenever an al-
11	leged violation involves—
12	"(i) senior management or directors of
13	$the\ corporation;$
14	"(ii) officers or directors of a member
15	organization;
16	"(iii) a bid city; or
17	"(iv) the International Olympic Com-
18	mittee.
19	"(c) Ethics Policy.—The ethics committee shall es-
20	tablish an ethics policy for the corporation, subject to the
21	approval of the board of directors, modeled upon the best
22	practices used in corporate and government offices. The pol-
23	icy shall include—
24	"(1) a conflict of interest policy;
25	"(2) an anti-discrimination policy;

1	"(3) a workplace harassment policy;
2	"(4) a gift, travel reimbursement, honorarium,
3	and outside income policy;
4	"(5) a financial propriety policy, including a
5	prohibition on loans to corporation officers and em-
6	ployees;
7	"(6) a bid-city policy which includes a trans-
8	parent and objective set of criteria published in ad-
9	vance by which the corporation will choose a United
10	States city to submit a bid to the International
11	Olympic Committee for an Olympic games, which ad-
12	heres in all respects to the rules and ethics guidelines
13	of the Olympic Charter and the International Olym-
14	pic Committee, and which applies to the leaders and
15	staff of a city, or organizations representing a bid
16	city, that file an official bid with the corporation to
17	host Olympic games;
18	"(7) potential sanctions and penalties for viola-
19	tions of the ethics policy, which may include removal
20	from corporation duties;
21	"(8) a procedure for reporting and investigating
22	potential ethics violations; and
23	"(9) procedures to assure due process for any in-
24	dividual accused of an ethics violation, including—

1	"(A) a timely hearing before the ethics com-
2	mittee;
3	"(B) the right to be represented by counsel;
4	and
5	"(C) access to all documentation and state-
6	ments that would be used in an ethics proceeding
7	against that individual.
8	"(d) Written Statement Required.—All members
9	of the board, employees, and officers, directors of member
10	organizations, and leaders or representatives of United
11	States bid cities must sign a statement that they have read
12	the corporation's ethics policy and agree to abide by its
13	rules.
14	"(e) Ethics Committee Adjudication of Viola-
15	TIONS.—When the ethics committee determines that an in-
16	dividual has violated the corporation's ethics policy, it will
17	report to the Board and may make recommendations for
18	action to be taken.
19	"(f) Investigation, Reporting, and Review Pro-
20	${\it CEDURES.} {\it —The\ ethics\ committee\ shall\ establish\ a\ procedure}$
21	for the prompt review and investigation of ethics violations,
22	and establish regular reporting and review procedures to
23	document the number and types of complaints or issues
24	brought to the ethics committee and the ethics officer

1	"(g) Outside Counsel.—The ethics committee may
2	hire outside counsel to conduct investigations, report find-
3	ings, and make recommendations.
4	"(h) Bid City Defined.—In this section, the term
5	bid city' means 1 or more cities, States, regional organiza-
6	tions, or other organizations that file an official bid with
7	the corporation to be chosen as the site nominated by the
8	United States to the International Olympic Committee to
9	host an Olympic Games.".
10	(b) Transition.—The individuals serving as mem-
11	bers of the board of directors of the United States Olympic
12	Committee on the date of enactment of this Act shall con-
13	tinue to serve as the board of directors until a board of
14	directors has been elected under subsection (e)(2) of this
15	section.
16	(c) Initial Nominating and Governance Com-
17	MITTEE.—
18	(1) In general.—Until the initial board of di-
19	rectors has been elected and taken office, the nomi-
20	nating and governance committee required by sec-
21	tion 220541(f) of title 36, United States Code, shall
22	consist of—
23	(A) 1 individual selected by the Athlete's
24	Advisory Council from among its members:

1	(B) 1 individual selected by the National						
2	Governing Bodies' Council from among its						
3	members;						
4	(C) 1 individual selected by the public-sec-						
5	tor directors of the United States Olympic						
6	Committee from among such directors serving						
7	on the date of enactment of this Act;						
8	(D) 1 individual selected by the Inde-						
9	pendent Commission on Reform of the estab-						
10	lished by the United States Olympic Committee						
11	in March, 2003, from among its members, who						
12	shall chair the committee; and						
13	(E) 1 individual selected by the Govern-						
14	ance and Ethics Task Force established by the						
15	United States Olympic Committee in February,						
16	2003, from among its members.						
17	(2) Election of New Board of Direc-						
18	TORS.—The nominating and governance committee						
19	established by paragraph (1) shall—						
20	(A) elect an initial board or directors who						
21	shall serve for the terms provided in section						
22	220541(c)(2) of title 36, United States Code;						
23	and						
24	(B) elect 1 of the members described in						
25	section $220541(h)(2)(A)$ of that title to serve as						

1	chair until the terms of the members elected					
2	under subparagraph (A) have expired.					
3	(d) Conforming Amendments.—					
4	(1) Representation requirements.—Sec-					
5	tion 220504(b) is amended—					
6	(A) by striking "representation of—" and					
7	inserting "representation on its board of direc-					
8	tors and in its assembly of—"; and					
9	(B) by striking subparagraph (B) of par					
10	graph (2) and inserting the following:					
11	"(B) ensure that—					
12	"(i) the membership and voting power					
13	of such amateur athletes is not less than					
14	20 percent of the membership and voting					
15	power of each committee, subcommittee,					
16	working group, or other subordinate deci-					
17	sion-making group, of the corporation; and					
18	"(ii) the voting power held by mem-					
19	bers of the board of directors who were					
20	nominated by the Athlete's Advisory Coun-					
21	cil is not less than 20 percent of the total					
22	voting power held in the board of direc-					
23	tors;".					
24	(2) Constitution and bylaws.—Section					
25	220505(a) is amended—					

1	(A) by striking "bylaws." and inserting						
2	"bylaws consistent with this chapter, as deter-						
3	mined by the board of directors. The board of						
4	directors shall adopt and amend the constitu-						
5	tion and bylaws of the corporation, consistent						
6	with this chapter.";						
7	(B) by inserting "the board of directors						
8	proposes and approves by majority vote such a						
9	amendment and" after "only if"; and						
10	(C) by striking "publication," in paragraph						
11	(1) and inserting "publication and on its						
12	website,".						
13	(3) Ombudsman to report to board of di-						
14	RECTORS.—Section 220509(b) is amended—						
15	(A) by inserting "the board of directors						
16	and" in paragraph (1)(C) after "report to";						
17	(B) by striking "corporation's executive di-						
18	rector" in paragraph (2)(A)(i) and inserting						
19	"board of directors";						
20	(C) by striking clauses (ii) and (iii) of						
21	paragraph (2)(A) and inserting the following:						
22	"(ii) The board of directors shall hire						
23	or not hire such person after fully consid-						
24	ering the advice and counsel of the Ath-						
25	lete's Advisory Council.";						

1	(D) by striking "corporation" the first						
2	place it appears in paragraph (2)(B) and in-						
3	serting "board of directors";						
4	(E) by striking "to the corporation's execu-						
5	tive committee by either the corporation's exec-						
6	utive director" in paragraph (2)(B)(ii) and in-						
7	serting "by 1 or more members of the board of						
8	directors"; and						
9	(F) by striking "corporation's executiv						
10	committee" in paragraph (2)(B)(iii) and insert						
11	ing "board of directors".						
12	2 (4) Eligibility requirements.—Section						
13	220522(a)(4)(B) is amended by striking "corpora-						
14	tion's executive committee" and inserting "board of						
15	directors".						
16	(5) Chapter analysis.—The chapter analysis						
17	for chapter 2205 of title 36, United States Code, is						
18	amended by adding at the end the following:						
	"SUBCHAPTER III. GOVERNANCE						
	"220541. Board of directors "220542. Assembly "220543. Chief executive officer "220544. Whistleblower procedures and protections "220545. Ethics and compliance".						
19	SEC. 5. REPORTS.						
20	Section 220511 is amended—						
21	(1) by striking so much of subsection (a) as						
22	precedes paragraph (2) and inserting the following						

1	"(a) BIENNIAL REPORT.—On or before the first day					
2	of June of every other year, the corporation shall transmit					
3	simultaneously to the President and to each House of Con-					
4	gress a detailed report of its operations for the preceding					
5	2 years, including—					
6	"(1) annual financial statements—					
7	"(A) audited in accordance with generally					
8	accepted accounting principles by an inde-					
9	pendent certified public accountant; and					
10	"(B) certified by the chief executive officer					
11	and the chief financial officer of the corporation					
12	as to their accuracy and completeness;";					
13	(2) by striking "4-year period;" in subsection					
14	(a)(2) and inserting "2-year period;"; and					
15	(3) by inserting "free of charge on its website					
16	(or via a similar medium that is widely available to					
17	the public), and otherwise" in subsection (b) after					
18	"persons".					
19	SEC. 6. SENIOR OLYMPICS.					
20	Notwithstanding section 220506(a) of title 36, United					
21	States Code, the National Senior Games Association of					
22	Baton Rouge, Louisiana, is authorized to use the words					
23	"Senior Olympics" to promote national athletic competi-					
24	tion among senior citizens.					

Calendar No. 237

108TH CONGRESS S. 1404

[Report No. 108-114]

A BILL

To amend the Ted Stevens Olympic and Amateur Sports Act.

> July 28 (legislative day, July 21), 2003 Reported with amendments